

Better Audit Control Over State Revenues Is Needed

State Controller Travis Points Out How Thousands of Dollars Could Be Added to the State's Income by Supervising Collection of Revenue

The State Comptroller's office exercises a complete check over the audit of all expenditures, and in the following article Comptroller Eugene M. Travis points out how thousands of dollars could be added to the state's income each year from a similar control over the collection of the millions of dollars of revenue gathered annually by over five thousand different state and local officials.

One of the most striking developments in state government during recent years is its increasing cost. This climbing rate of public expenditures, however, does not necessarily indicate the existence of extravagance, but rather the growth of the state's activities. During the last few years many new functions, and even those performed by the localities, have been taken over by the state. This increase is due, to a considerable degree, to a legitimate increase in the state's business.

These conditions in state disbursements, however, have necessitated the finding of new sources of revenue, and particularly a more stringent check upon the collection of that derived from existing sources, and it is here that great responsibility must be laid upon the collecting authorities. In other words, the present chaotic and grossly wasteful method of allowing approximately 5,000 different state and local divisions and agencies of government to collect over \$80,000,000 each year of revenue unquestionably has resulted in considerable loss in these funds.

Duty to Audit Revenues

Under the provisions of the state finance law it is manifestly as much the duty of the controller to audit the revenues of the state as well as the expenditures. This must be particularly apparent when it is realized that investigations have often shown that irregularities occur much more frequently in the audit of revenues than in expenditures of the state's money. In many respects the auditing of revenues presents a much more complicated procedure.

The millions of dollars of revenue, on the other hand, are derived from a great variety of sources and under a most distressing complexity of laws frequently changed. Moreover, the constant creating of new departments has so complicated affairs that even the most competent official must be constantly vigilant to keep pace with the changing requirements. Although the establishment of a systematic audit of revenue has been repeatedly urged, it has always been attacked as a scheme to increase political patronage.

Many public officials who collect these revenues are neither business men nor accountants. This condition is disclosed particularly in the work of the municipal accounts bureau of the State Controller's office, which is in charge of the auditing of the finances of approximately 1,500 municipalities throughout the state. While the work of such examinations has disclosed numerous cases of shortages and deficiencies, it is only just to point out that most of these have been the result of carelessness and ignorance of the proper laws and of accounting methods, rather than from deliberate dishonesty.

Sources of Revenue

The State Controller's office collects revenue from direct taxes and some of the so-called "indirect" or special ones. A large amount, however, is received by other state and local officials. These moneys, however, in many instances are divided between the departments and localities, and as to their distribution the laws vary greatly. While no intimation is intended that these are not faithfully administered, the experience of many public and private corporations which have already adopted some system of audit control, demonstrates that substantial results have been obtained from the use of this systematic check for outweighing any additional cost.

Owing to the great diversity and territorial extent of the field of revenue, it would not be feasible here to attempt to give more than a general outline of a system practical for the entire state. This uniform classification of revenues must be built up gradually, with special regard to particular subjects, but based upon equitable lines as a whole. For example, take the revenues under licenses and concessions. The evidences of these privileges should be issued serially, numbered and a record kept by the State Controller. Upon audit, every license should be accounted for and the receipts checked to the license number.

A setting up of a system of actual accrual of all classes of revenue because actual cash payment would not be deemed practical at this time, as this would require much elaboration and duplication of work. However, some system of reports should be devised to afford a better check by physical auditing. Reports should be required from all persons responsible for collecting revenues at frequent intervals, whether any were received or not. Again, reports should be made in duplicate for both the State Treasurer and Controller.

The state finance law charges the Controller with the duty to keep audit and state all accounts in which the state is interested and keep ac-

curate and proper books showing their condition at all times. To fulfil this duty would require a comprehensive examination of the revenue accounts at their sources. To be thoroughly effective a complete system of physical audits should be inaugurated and practised with such frequency as the force at command and the circumstances warrant.

Audit Reform Begun

Some months ago an investigation into the practicability of some audit control of the state revenues was begun by my office, and while such innovation is still in its primitive stages, substantial results have been obtained. Reports received from thousands of agencies of the state indicate that these numerous local officials welcome any assistance the State Controller's office may offer them, not only in the checking up of revenues, but in the way of counsel and advice as to their proper handling and accounting treatment.

One magistrate reported that he had recovered and turned into the state treasury the sum of \$390, collected some time ago and erroneously paid over to the local municipality. Some idea of the perplexities which exist on account of the complication of laws may be had from a letter written by a justice of the peace who had collected several days' wages and requested advice as to their disposition.

Of the dozen odd cases reported it was learned that the state was entitled to only one. Numerous other similar instances have developed in the course of the investigation thus far. The Controller's department promises to keep in close touch with these various agencies for the purpose of not only checking up revenues, but prescribing proper accounting methods and advising, where desired, as to their proper disposition.

Allies to Equip

Army of Murmans And Feed People

Agree to Finance New Russian Republic and Provide Imports

Tribune Washington Bureau. WASHINGTON, Nov. 30.—The agreement of the United States and the Allies with the Murman Regional Council, whose authority embraces the district of Archangel, for operations against the Bolsheviks and the fight for the restoration of a united, democratic Russia was made public to-day.

The agreement is the basis on which the future and larger intervention of the Entente Powers and America will be arranged, an Allied diplomat here stated to-day.

The associated powers, according to the provisions of the agreement, pledge themselves to assist the Murman council in the formation of a Russian army, the supply of food and the rehabilitation of the council's finances.

The powers disclaim any aims of conquests and will not interfere in the internal affairs of the region or seek to encroach upon the political authority of the council. Until the formation of a separate, large Russian army Russian volunteers will be permitted to join the Entente forces.

Pledged to Equip Army

The agreement contains, among others, the following provisions: "The representatives of Great Britain, the United States of North America and France will give to the Russian command necessary help in equipments, supplies and transport, and for the instruction of the Russian armed forces which are formed.

"In all matters in which it may be found necessary to have the support of the local population the representatives of Great Britain, the United States of North America and France and their agents will address themselves to the respective Russian authorities and not directly to the population excepting in the belt along the front, in which the orders of the military command justified by the conditions of field service must be unconditionally obeyed by all.

Food Promised Populace

"In view of the impossibility of importing the necessary food from Russia, the representatives of Great Britain, the United States of North America and France promise, so far as it may be possible, to send food to the Murman Regional Councils for the whole population of the region, including all immigrant workmen, with their families, the rations to equal in food value the rations which the privateers of the Allied arm forces in Murman are receiving.

"The distribution of food among the

population is to be carried out by trustworthy Russian troops.

"The representatives of Great Britain, the United States of North America and France promise to secure, so far as may be possible, the importation of manufactured goods and other articles of the first necessity.

"The representatives of Great Britain, the United States of North America and France recognize that their governments must give the necessary financial assistance to the Murman Regional Council.

"The representatives of Great Britain, the United States of North America and France, in the name of their governments, again affirm the absence of any purpose of conquest."

Holland Professor To Visit Washington

THE HAGUE, Nov. 30.—In order to bring into closer touch the scientific and intellectual forces in Holland and the United States, Leyden University, at the suggestion of the Dutch gov-

ernment, has commissioned Professor Van Vollenhoven, one of the world's leading authorities in international law, to accompany Minister Cremer to Washington, where the professor will make a long stay.

Industrial circles have long been urging Holland to follow France's example in sending out intellectuals of the type of Bergson and Tardieu to visit and lecture in other countries, and Professor Vollenhoven's appointment is regarded as the result of that movement.

Britain Is Studying Control of Shipping

American Interests Urged to Consider Problem of Regulating Raw Materials

LONDON, Nov. 30.—The after-war business problem receiving the most important attention at present in England is that of the control of raw ma-

terials and shipping, says a statement issued by the American Chamber of Commerce in London. It adds: "Detailed studies of sources and methods of control and distribution are being made, but there does not yet appear to be any agreement on the general principles of control. On the one hand powerful interests are urging immediate cooperation between Great Britain, France and the United States for the formation of a world control which will, at the appropriate time,

be able to distribute raw materials as seems best. On the other hand some are pointing out that such action, principle would be contrary to President Wilson's policy of an 'economic combination within the League of Nations.' "World arrangements are already being made with the sanction, and even the assistance of the British government in regard to oil and metals, while shipping plans change or develop daily. The American Chamber of Commerce in London has urged commercial bodies in America to consider the entire subject."

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Choice Russian Sables

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Also displayed in the Fur Salon are:

Russian Sables and Hudson Bay Sables, mounted for immediate use.

Chinchilla Coatees of rare beauty. Exquisite Silver Foxes. Natural Blue Foxes. Natural Fishers.

The Fur Department is located on the Third Floor, in the Madison Avenue section.

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A Collection of

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just received from Arizona and New Mexico

These Rugs were personally selected by B. Altman & Co.'s New York buyer in the Indian Reservations of the Far West. Genuine products of the crude looms of the primitive "children of the mesas," they are woven of roughly carded wool, many of them in the natural (undyed) tones of gray and brown, others in warm, colorful effects obtained by the use of vegetable dyes. They may be used in various ways—as floor coverings, wall hangings or divan throws, for example—and are especially adapted for use in studio, den, billiard room, gun room, bungalow living room or enclosed porch—anywhere, in fact, where "atmosphere" is a desideratum.

By way of introduction, the entire present assortment has been divided into distinct groups, each group consisting of a selected number of Rugs, marked individually at the extraordinarily low prices of

\$2.10, \$8.25, \$11.00, \$15.75 to \$75.00

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(3 pairs for \$4.50)

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(3 pairs for \$6.50)

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(3 pairs for \$10.00)

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(3 pairs for \$2.85)

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